

## Message Text

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TO AMEMBASSY MEXICO

C O N F I D E N T I A L STATE 222957

E.O. 11652: GDS

TAGS: EGEN, PFOR, MEX

SUBJECT: COVERAGE OF G-77 CONFERENCE, MEXICO CITY --

BACKGROUND ON COLOMBO NAC

REF: STATE 219540

FOLLOWING COLOMBO 3160 SENT ACTION SECSTATE INFO NAC COLLECTIVE  
OECD PARIS AUG 22; REPEATED TO YOU QUOTE

C O N F I D E N T I A L COLOMBO 3160

E.O. 11652:GDS

TAGS: EGEN, PFOR

SUBJECT: MULTILATERAL AFFAIRS: ECTHOMIC ISSUES AT THE NON-ALIGNED  
SUMMIT

REF: COLOMBO 3123

1. INTRODUCTION: WHILE FOREIGN MINISTERS AND HEADS OF STATE  
CONTENDED OVER BILATERAL AND REGIONAL ISSUES  
IN OTHER ROOMS, ECONOMIC SPECIALISTS ON NAC DELEGATIONS  
PLODDED ACROSS THE BROAD TERRAIN OF INTERNATIONAL  
ECONOMIC ISSUES WITH FEW FIREWORKS BUT SOME SERIOUS  
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CONCERNS. THE CONFERENCE WAS NOT THE SITE FOR A MAJOR

RETHINKING OF ECONOMIC PROBLEMS AND WITH THE EXCEPTION OF SRI LANKA'S TWO INITIATIVES, SAW NO NEW IDEAS EMERGE. BUT THE ECONOMIC DELEGATES HAD LITTLE TIME TO ENJOY COLOMBO. THEY ENGAGED IN A JAMOR REVISION OF THE DRAFT TEXTS, INCLUDING CONSIDERABLE TRIMMING BACK OF VERBIAGE. THE RESULTING DOCUMENTS WERE RELATIVELY PRAGMATIC IN TONE, FOCUSED ON THE CONCRETE AND -- WITHIN NON-ALIGNED TERMS--THE PRACTICAL. AS ONE POLITICAL DELEGATE SAID CONTRASTING THE WORK OF THE POLITICAL AND ECONOMIC HALVES OF THE CONFERENCE, THE LATTER HAD TO STICK TO THE REAL WORLD. FOLLOWING ANALYSIS BASED ON DISCUSSIONS WITH DELEGATES AND PRELIMINARY REVIEW OF TEXTS AS THEY ARE AVAILABLE TO US AT CONFERENCE CLOSING.

2. POLITICAL INTERESTS: ECONOMIC WORK FELT THE IMPACT OF TWO POLITICAL  
IMPULSES. FIRST, LANGUAGE WAS INTRODUCED LINKING ECONOMIC DEVELOPMENT TO THE POLITICAL STRUGGLE AGAINST THE NON-ALIGNED ENEMIES OF "AGGRESSION, OCCUPATION RACISM," ETC. THIS PERCEPTION ALSO RESULTED IN A PARALLEL AMENDMENT TO THE POLITICAL DECLARATION INSERTING A NEW SECTION ON "POLITICS AND ECONOMICS." THE INCLINATION OF NAM TO SUBORDINATE ECONOMIC TO POLITICAL GOALS SERVES TO DISTINGUISH IT FROM GROUP OF 77.

3. SECOND POLITICAL ASPECT OF THE ECONOMIC COMMITTEE AND DRAFTING GROUP WORK WAS THE INTENSE FOCUS ON THE STATE OF NORTH-SOUTH DIALOGUE AND THE URGENT CALL FOR PROGRESS IN THE VARIOUS NEGOTIATING FORUMS. NEW LANGUAGE ON THIS SUBJECT WAS INTRODUCED IN BOTH THE ECONOMIC DECLARATION AS WELL AS IN THE ACTION PROGRAM AS A RESULT OF CONFERENCE DELIBERATIONS. CONFERENCE PARTICIPANTS REVEALED A CLEAR WILLINGNESS TO PURSUE THE DIALOGUE IN PARIS AND IN UNCTAD FORUMS. A DRAFT CUBA RESOLUTION CRITICAL OF CIEC AND CALLING FOR ITS TERMINATION BY DECEMBER 31ST WAS REJECTED. SIMILARLY, ORIGINAL PROPOSED LANGUAGE CONCERNING PWKIS HAD DESCRIBED THE CONFERENCE AS A "FAILURE"; THE FINAL  
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TEXT "NOTES WITH ANXIETY THAT NO HEADWAY HAS BEEN MADE." THE TEXT ENDS WITH UNSPECIFIED THREAT THAT "THE DEVELOPING COUNTRIES WOULD RECONSIDER THEIR ATTITUDES SHOULD THE PARIS CONFERENCE FAIL." PEREZ GUERRERO TOLD CANADIANS IN COLOMBO THAT HE CONSIDERED THE NAC RESULTS GAVE HIM MANDATE TO CONTINUE NEGOTIATIONS IN PARIS.

4. WHILE THE NON-ALIGNED WERE PREPARED TO MOVE ALONG THE CHANNELS WHICH HAVE BEEN FORGED, THEY HAD LITTLE FAITH THAT SIGNIFICANT PROGRESS WOULD BE MADE. DISCUSSING CONFERENCE WITH ECONOMIC COMMITTEE RAPPORTEUR HOSNY (EGYPT) SUMMED UP MOOD OF NAC ECONOMIC TALKS IN THESE WORDS, "WE WERE LESS EMOTIONAL THAN AT ALGIERS, BUT MUCH MORE SERIOUS."

5. THEMES AND ISSUES: ADHERENCE TO THE NEW INTERNATIONAL ECONOMIC ORDER (NIEO) IS A RECURRING THEME OF THE CONFERENCE DOCUMENTS, LOOMING MUCH LARGER THAN IT HAD IN THE ORIGINAL TEXT. THE CONFERENCE PARTICIPANTS HAVE TAKEN THIS OCCASION TO REAFFIRM THEIR COMMITMENT TO THIS GLOBAL PROGRAM AND THEIR DETERMINATION TO MARCH UNDER ITS BANNER. MORE SPECIFICALLY, COMMODITIES ISSUES CONTINUE TO BE PRINCIPAL CONCERN. PRODUCERS ASSOCIATIONS HAVE BEEN ENCOURAGED, AND IN AN INTERESTING TEXTUAL DEVELOPMENT, THE WORD INDEXATION SAW THE LIGHT OF DAY IN THE FINAL TEXT IN PLACE OF AN EARLIER REFERENCE TO "INSURING FAIR AND REMUNERATIVE PRICES." THE NON-ALIGNED BUFFER STOCK COMMON FUND IS NOW EXPLICITLY DESCRIBED AS AFallback IN CASE THE "UNCTAD COMMON FUND FAILS TO FIELD SATISFACTORY RESULTS BY MARCH 1977." THE PROBLEM OF LDC DEBT BURDEN WAS THE SECOND MOST PROMINENT TOPIC. THE ACTION PROGRAM CALLS FOR A MINISTERIAL CONFERENCE OF THE NON-ALIGNED AND "OTHER INTERESTED DEVELOPING COUNTRIES" IN THE FIRST HALF OF 1977 SHOULD THE PARIS TALKS FAIL TO REACH A SATISFACTORY CONCLUSION ON THIS SUBJECT.

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6. TWO BROADER ISSUES OF AN ECONOMIC NATURE WERE ALSO TREATED AT LENGTH BY THE CONFERENCE. THE CONFERENCE REJECTED SRI LANKA'S EFFORT TO DESCRIBE THE ECONOMIC PROBLEMS OF THE DEVELOPING COUNTRIES AS RESULTING FROM THEIR INTERNAL CONDITIONS. THIS IDEA WAS ELIMINATED FROM THE FINAL TEXT AND REPLACED BY THE STANDARD THEME THAT UNDERDEVELOPMENT WAS THE CONSEQUENCE OF THE INTERNATIONAL ECONOMIC STRUCTURE. SECONDLY, THE ECONOMIC COMMITTEE/DRAFTING GROUP SURPRISINGLY SPENT HOURS DEBATING TURNS OF PHRASE WHICH TOUCHED ON THE RELATIONSHIP BETWEEN THE DEVELOPING COUNTRIES AND THE SOVIET UNION. THERE WAS A BROAD INCLINATION TO POINT THE FINGER AT THE SOVIET UNION AS WELL AS AT THE INDUSTRIALIZED WEST WITH REGARD TO AID FLOWS, TRADE BENEFITS, ETC. PROPONENTS

OF SUCH TEXTS WERE COUNTERED BY ADHERENTS TO THE SOVIET LINE THAT ONLY THE WEST HAD OBLIGATIONS TO THE DEVELOPING COUNTRIES BECAUSE OF THEIR HISTORIC EXPLOITATIVE RELATIONSHIP. THE FINAL TEXTS IN SEVERAL PLACES REVEAL A CAREFUL DRAFTING EXERCISE AIMED AT INCLUDING THE SOVIET UNION WITHOUT EXPLICIT REFERENCE.

7. INTRA-LDC ISSUES (A) RELATIONS WITH G77:  
AS WE HAD BEEN LED TO BELIEVE AS THE CONFERENCE OPENED, THE PARTICIPANTS IN THE NON-ALIGNED MOVEMENT SEE THEMSELVES EXCLUSIVELY AS A SUB-GROUP OF THE GROUP OF 77 ON ECONOMIC ISSUES. NEW LANGUAGE WAS INCORPORATED IN THE ECONOMIC DECLARATION MAKING THIS RELATIONSHIP EXPLICIT\* "THE NON-ALIGNED MOVEMENT SHALL CONTINUE TO MAINTAIN AND STRENGTHEN ITS SOLIDARITY WITH THE GROUP OF 77 WHICH AS TODAY EMERGED AS A REAL FORCE OF COUNTERVAILING AUTHORITY."  
(?) RELATIONS WITH OPEC: THERE WERE FEW SIGNS OF FRICTION WITH REGARD TO OPEC/NON-OPEC RELATIONS. WE NOTE THAT SEVERAL REFERENCES IN EARLIER DRAFTS WERE THE DISTINCTION BETWEEN OIL AND NON-OIL DEVELOPING COUNTRIES WAS DRAWN HAVE BEEN ELIMINATED FROM THE FINAL TEXT. AT THE SAME TIME, NAM MEMBERS CONTINUED TO TURN TO OPEC TO FINANCE THEIR FAVORITE PROJECTS. THIS WAS RECOGNIZED TO BE THE ESSENCE OF THE SRI LANKA BANK PROPOSAL, AND MATED THE APPEALS  
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FOR CONTRIBUTIONS TO THE SOLIDARITY FUND FOR SOUTHERN AFRICA AND FOR CAMBODIA, LAOS, AND VIETNAM. AS AFAR AS WE CAN DETERMINE, HOWEVER, THE NON-ALIGNED SOLIDARITY FUND WAS OMITTED FROM THE FINAL DOCUMENTS. (C) THE LDC "SPECIAL CASES" WERE ACTIVE IN PURSUING THEIR PARTICULAR INTERESTS.

THE LANDLOCKED WERE PARTICULARLY BUSY BUT THE "MOST SERIOUSLY AFFECTED" AND OTHER SUB-GROUPS WERE SUCCESSFUL IN GETTING DRAFT LANGUAGE TO RECOGNIZE THEIR SPECIAL PROBLEMS. MOST NOTEWORTHY, PERHAPS, WAS THE PROVISO THAT THE IMPLEMENTATION OF THE INTEGRATED PROGRAM OF COMMODITIES SHOULD "INSURE THAT THE INTEREST OF DEVELOPING COUNTRIES, PARTICULARLY THE LEAST DEVELOPED AND THE MOST SERIOUSLY AFFECTED AMONG THEM AND THOSE LACKING IN NATURAL RESOURCES, ARE PROTECTED BY MEANS OF APPROPRIATE, DIFFERENTIAL, AND REMEDIAL MEASURES WITHIN THE PROGRAM." (THE TORTUOUS LANGUAGE GIVES AMPLE DISPLAY OF THE INNER WRANGLINGS OF THE NAC'S ECONOMIC HALF.) REED UNQUOTE KISSINGER

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